

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. PAC-E-19-02
FOR APPROVAL OF THE ASSET)
PURCHASE AGREEMENT BETWEEN)
ROCKY MOUNTAIN POWER AND THE) ORDER NO. 34330
CITY OF IDAHO FALLS – SANDY DOWNS)

On February 4, 2019, Rocky Mountain Power (“Company”) filed an Application requesting authority to transfer to the City of Idaho Falls (“City”) certain electric facilities used to supply electric service to two locations at or near Sandy Downs, and the rights and obligations to serve the related customer or customers. The Company submitted its Application under the Idaho Electric Supplier Stabilization Act (“ESSA”), *Idaho Code* § 61-332, *et seq.*, and *Idaho Code* § 61-328. The latter statute states that the Commission “shall issue a public notice and *shall conduct a public hearing* upon the application (emphasis added).”

On March 1, 2019, the Commission issued a Notice of Application, Notice of Modified Procedure, and Notice of Telephonic Public Hearing. Order No. 34262. On March 26, 2019, the Commission held a telephonic public hearing. Now, the Commission approves the Application.

BACKGROUND

Idaho Code § 61-328 governs the transfer of assets used in the generation, transmission, distribution or supply of electric power and energy to the public in Idaho. *Idaho Code* § 61-328(1). Before the Commission can approve a transfer of such assets, it must find that (1) the transaction is consistent with the public interest; (2) the cost of and rates for supplying service will not be increased by reason of the transaction; and (3) the applicant for acquisition or transfer has the bona fide intent and financial ability to operate and maintain the property in the public service. *Idaho Code* § 61-328(3).

The purpose of the ESSA is to: (1) promote harmony between electric suppliers; (2) prohibit the “pirating” of consumers; (3) discourage duplication of electric facilities; (4) actively supervise the conduct of electric suppliers; and (5) stabilize service territories and consumers. *Idaho Code* § 61-332. The ESSA prohibits an electric supplier (e.g., a utility, municipality, or co-op) from serving another electric supplier’s existing or former customers. *Idaho Code* § 61-332B. As an exception to this general rule, the ESSA allows electric suppliers to contract for the purpose

of “allocating territories, consumers, and future consumers . . . and designating which territories and consumers are to be served by which contracting electric supplier.” *Idaho Code* § 61-333(1). Such allocation contracts must be submitted to the Commission for approval. *Id.*

THE APPLICATION

The Application is submitted pursuant to the Service Allocation Agreement between Rocky Mountain Power and the City signed on October 9, 2017. *See* Order No. 33943. The Service Allocation Agreement is a framework agreement that implements the ESSA between the City and the Company. Under the Service Allocation Agreement, the Company and the City agreed that just compensation for transferring customer service rights and responsibilities is 167% of the transferring customers’ previous 12 months electric bills plus the cost of the assets to serve the transferring customer or customers. The Application lists the total value of the transaction as \$59,469.

THE COMMENTS

Staff filed the only comments, and recommended the Commission approve the Application. Staff determined and confirmed with the Company through discovery that the accurate sales price is \$59,513. Staff determined the method used to calculate the value is consistent with the method prescribed in the Service Allocation Agreement. Staff also determined that funds from the sale are sufficient to offset the undepreciated rate base of assets being transferred to the City and that the Company’s accounting treatment ensures the value of the assets is removed completely from rate base. No testimony or comments were offered at the telephonic public hearing.

COMMISSION FINDINGS AND DECISION


The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-328, 61-333. The Commission has reviewed the record, including the Agreement and comments of Commission Staff. We find the proposed Agreement satisfies the ESSA, the Service Allocation Agreement between the Company and the City implementing the ESSA, and *Idaho Code* § 61-328. Accordingly, we approve the Agreement for the purchase price of \$59,513.

ORDER

IT IS HEREBY ORDERED that the Asset Purchase Agreement between the Company and the City of Idaho Falls is approved at the purchase price of \$59,513.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *2nd* day of May 2019.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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